



**Federal Acquisition Service
Office of Charge Card Management**

January 13, 2009

Dear Sir or Madam:

We are urgently requesting your response to this letter to provide tax exemption information for Federal Government purchases made using the U.S. General Services Administration's GSA SmartPay® charge cards. The GSA SmartPay® charge cards are used by federal government agencies/organizations for conducting official government business only. It is imperative that our office receive this information so that we may communicate and publish tax exemption procedures and regulations for your state/jurisdiction/U.S. territory on the GSA SmartPay® website for reference by the U.S. Federal Government cardholders, vendors, Federal agencies/organizations, and other users. Additionally, we encourage you to also make this information accessible on your respective websites as appropriate.

Please take a few minutes to fill out the attached tax exempt offerings form and return it as soon as possible. The form asks you to identify the tax exemptions available in your state/jurisdiction/U.S. territory for the U.S. Federal Government, as well as any certification requirements. You may also want to include verbiage on your state/jurisdiction/U.S. territory letterhead stating the following form is sufficient for tax exemption purposes. Also, if you are not the correct person to contact with tax exempt questions please identify the correct person directly on the letterhead or form.

As a note of information, the GSA SmartPay® 2 program has added two additional prefixes for its government charge cards. Please ensure the information on your website reflects the added Prefixes (1st four digits) **4614 and 5565**.

The new, GSA SmartPay® 2 Card designs and account numbering structures can be accessed at www.gsa.gov/gsasmartpay under Tax Information. Please use this information to identify GSA SmartPay® 2 cards.

If you have any questions, please contact Camesha Everett at (703) 605-1834. And, **please submit completed forms via email to comesha.everett@gsa.gov by December 23, 2008.**

Sincerely,

Erin E. VanDagna
Service Delivery Division Director
Office of Charge Card Management
Federal Acquisition Service
U.S. General Services Administration

U.S. General Services Administration
2200 Crystal Drive
Arlington, VA 20406
www.gsa.gov

Tax Exemption Offerings Form

GSA SmartPay® 2

www.gsa.gov/smartpay

GSA

I. STATE / JURISDICTION / U.S. TERRITORY INFORMATION

Please indicate the state / jurisdiction / U.S. territory for which you are reporting:

State / Jurisdiction / U.S. Territory: **Hawaii**

II. TAX EXEMPTION OFFERINGS

Please indicate which of the following tax exemptions your state / jurisdiction / U.S. territory provides to government customers with centrally billed accounts and/or individually billed accounts as described below. Please also use this section to provide a description of the applicable tax exemptions, pertinent statutes, regulations, court rulings, etc. that pertain to the type of tax exemption.

Centrally Billed Accounts (CBAs) are charge card accounts paid directly by the government to the issuing bank.

Individually Billed Accounts (IBAs) are charge card accounts paid directly by the cardholder to the issuing bank, but cardholders are reimbursed by the government, as official government expenses.

Tax Exemption Offerings (Please check all that apply)		Additional Information (Description, pertinent statutes, regulations, etc.)
Sales Tax	<input checked="" type="checkbox"/> Centrally Billed Accounts (CBAs)	Section 237-25, Hawaii Revised Statutes (HRS), provides an exemption from the general excise tax for income received from the sale of goods to the federal government.
	<input checked="" type="checkbox"/> Individually Billed Accounts (IBAs)	Section 237-25, HRS, provides an exemption from the general excise tax for income received from the sale of goods to the federal government.
Lodging Tax	<input checked="" type="checkbox"/> Centrally Billed Accounts (CBAs)	Section 237D-3(4), HRS, provides an exemption from the transient accommodations tax for the income received by an operator furnishing transient accommodations to military personnel who receive temporary lodging allowances ("TLA") while seeking accommodations in Hawaii or while awaiting reassignment to new duty stations outside Hawaii.
	<input checked="" type="checkbox"/> Individually Billed Accounts (IBAs)	Section 237D-3(4), HRS, provides an exemption from the transient accommodations tax for the income received by an operator furnishing transient accommodations to military personnel who receive temporary lodging allowances ("TLA") while seeking accommodations in Hawaii or while awaiting reassignment to new duty stations outside Hawaii.
Hotel Occupancy Tax	<input type="checkbox"/> Centrally Billed Accounts (CBAs)	Hawaii imposes the transient accommodations tax on time share occupancy. However, there is no exemption for time share units occupied by a federal government employee.
	<input type="checkbox"/> Individually Billed Accounts (IBAs)	Hawaii imposes the transient accommodations tax on time share occupancy. However, there is no exemption for time share units occupied by a federal government employee.
Public Accommodation Tax	<input type="checkbox"/> Centrally Billed Accounts (CBAs)	Hawaii does not have a public accommodation tax.
	<input type="checkbox"/> Individually Billed Accounts (IBAs)	Hawaii does not have a public accommodation tax.
Tourism Tax	<input type="checkbox"/> Centrally Billed Accounts (CBAs)	Hawaii does not have a tourism tax.
	<input type="checkbox"/> Individually Billed Accounts (IBAs)	Hawaii does not have a tourism tax.
Fleet Tax	<input checked="" type="checkbox"/> Gasoline <input checked="" type="checkbox"/> Diesel Fuel <input checked="" type="checkbox"/> Alternative Fuel	Section 243-7, HRS, provides an exemption from the fuel tax for liquid fuel that is sold to the federal government for official government use.
	<input type="checkbox"/> Maintenance	There is no exemption for maintenance services provided to the federal government.
Other Tax	<input type="checkbox"/> Other: please specify _____ <input type="checkbox"/> CBA <input type="checkbox"/> IBA	Hawaii imposes a rental motor vehicle surcharge tax on a lessor for the rental or lease (for a period of 6 months or less) of a motor vehicle. However, there is no exemption for a motor vehicle rented or leased to a federal government employee.

III. TAX EXEMPTION FORMS

As indicated in GSA's letter, we request that the GSA SmartPay® 2 cards' design and structure suffice for tax exemption certification. If this is not possible, please indicate if your state / jurisdiction / U.S. territory requires government customers to complete any documentation in order to receive a tax exemption. Also, please indicate the website address for accessing any required forms; you may also provide the form via an email attachment.

	Tax Exempt Documentation	Website Address or Hyperlink:
1		
2		
3		

Tax exemption certificate or identification numbers are not required.

A taxpayer should have records to support the exemption; e.g, a photocopy of the charge slip and the Smart Pay card. If the Smart Pay card cannot be photocopied, a taxpayer should record the federal government employee's name, federal government agency's name, and the Smart Pay card number, type, and expiration date.

IV. TAX RECOVERY PROCEDURES

Please indicate the procedures that government customers should follow in the event that taxes are charged to official government transactions in error.

Tax Recovery Procedures:
The federal government will not have to file for a refund of fuel taxes on exempt sales because the financial institution issuing the Fleet Card or Travel Card or the credit card transaction processor should exclude Hawaii fuel taxes on the billing to the federal government. If taxes were passed-on in the billing, the federal government should request a revised billing that excludes the fuel taxes.

V. CONTACT INFORMATION

Please indicate the point-of-contact for follow-up questions related to your tax exemption policies.

Last Name, First Name:	Technical Section Staff
Name of Agency:	State of Hawaii, Department of Taxation
Office Address (Line 1):	Technical Section
Office Address (Line 2):	830 Punchbowl Street
City, State Zip:	Honolulu, Hawaii 96813
Phone Number:	808-587-1577
Fax Number:	808-587-1584
Email Address:	tax.technical.section@hawaii.gov

Thank you for your assistance in this important matter!

GSA SmartPay® 2 Card Numbering Systems

GSA SmartPay® 2 cards will be **effective on November 30, 2008** (except in a few cases, which will be effective earlier), and will have specific account number prefixes, as seen in the chart below. GSA SmartPay® 2 cards are provided by three banks: Citibank, JPMorgan Chase, and US Bank. The GSA SmartPay® program provides four business lines: Purchase, Travel, Fleet, and Integrated (includes fleet, travel and/or purchase functionality and offers a single card for all purchases). These cards/accounts can be Centrally Billed Accounts (CBAs) or Individually Billed Accounts (IBAs). Below is a detailed description of each card type and numbering system that GSA Smartpay® 2 provides.

Centrally Billed Accounts (CBAs) are charge card accounts in which **all** charges are billed directly to the federal government and paid directly by the federal government to the issuing bank.

- **Purchase:** All federal government Purchase cards are centrally billed.
- **Fleet:** All federal government Fleet cards are centrally billed.
- **Travel:** Federal government Travel cards/accounts may be centrally billed **or** individually billed.
- **Integrated:**
 - All Fleet and Purchase type transactions on an integrated card are centrally billed.
 - Travel functionality on an integrated card may be centrally billed **or** individually billed.

Individually Billed Accounts (IBAs) are charge card accounts in which charges are paid directly by the cardholder/federal employee to the issuing bank; the federal employee is then reimbursed by the government.

- **Travel:** Federal government Travel cards may be centrally billed **or** individually billed.
- **Integrated:** Travel functionality on an Integrated card may be centrally billed **or** individually billed.

Purchase		Travel		Fleet	Debit/Prepaid
Prefix (1 st four digits)	5568 – MasterCard	5568 – MasterCard		5565 – MasterCard	5564 – MasterCard
	5565 – MasterCard	5565 – MasterCard		5568 – MasterCard	5568 – MasterCard
	4716 – Visa	4486 – Visa		8699 – Voyager	5565 – MasterCard
	4614 – Visa	4614 – Visa			4614 – Visa
	4486 – Visa				
6 th digit	N/A	0	CBA	N/A	N/A
		1	IBA		
		2 – 4	IBA		
		5	Reserved		
		6 – 9	CBA		

In addition to the chart provided above, please note the following information:

- **Only the Travel card** uses the 6th digit to identify whether the account is a Centrally Billed Account (CBA) or an Individually Billed Account (IBA).
- **The numbering structure for Integrated Cards** to differentiate between centrally and/or individually billed transactions will be specific to each agency/organization using the Integrated card. This information will be provided on the GSA SmartPay® website (www.gsa.gov/qsasmartpay) as it becomes available.

GSA SmartPay® 2 Card Designs



Purchase



Travel



Fleet



Integrated